

THE EFFECTIVE DATE OF THIS ORDINANCE IS SEPTEMBER 25,2003

ORDINANCE NO. 03-14-337

Re: Establishment of Bond Rating Enhancement Reserve

PREAMBLE

The enhancement, preservation and safeguarding of the County's bond rating is extremely important to Frederick County.

The County's current bond ratings from the bond rating agencies are: Fitch Ratings AA+, Moody's Investors Service, Inc. Aa2, Standards and Poor's AA.

The Board of County Commissioners is desirous of creating a Bond Rating Enhancement Reserve.

The Board of County Commissioners held a duly advertised public hearing concerning this Ordinance on September 25, 2003.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND, that new Sections 1-8-161 through 1-8-165 be added to the Frederick County Code (1979) to read as follows:

**ARTICLE VI. BOND RATING ENHANCEMENT RESERVE.**

SEC. 1-8-161. ESTABLISHMENT AND PURPOSES.

a. THERE IS A BOND RATING ENHANCEMENT RESERVE.

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**CAPITALS AND/OR UNDERLINING INDICATE MATTER ADDED TO EXISTING LAW.**

**b. THE PURPOSES OF THE BOND RATING ENHANCEMENT RESERVE ARE:**

- 1. TO ENHANCE, PRESERVE AND SAFEGUARD THE BOND RATING OF FREDERICK COUNTY.**
- 2. TO PROTECT THE FINANCIAL INTEGRITY OF FREDERICK COUNTY.**
- 3. TO DESIGNATE FUND BALANCE FOR THIS BOND RATING ENHANCEMENT RESERVE THAT IS NOT TO BE EXPENDED FOR ANY OTHER PURPOSE ABSENT EXTREME EXIGENT CIRCUMSTANCES.**

**SEC. 1-8-162. RESERVE TREATMENT IN ANNUAL REPORT.**

- a. THE BOND RATING ENHANCEMENT RESERVE SHALL APPEAR AS A DESIGNATION OF FUND BALANCE IN THE GENERAL FUND BALANCE SHEET OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR).**

**SEC. 1-18-163. DESIGNATION OF FUND BALANCE.**

- a. THE BOARD OF COUNTY COMMISSIONERS MAY DESIGNATE FUND BALANCE TO BE PLACED INTO THE BOND RATING ENHANCEMENT RESERVE.**

**SEC. 1-8-164. BUILD UP OF RESERVE.**

- a. IT IS THE INTENT OF THE BOARD OF COUNTY COMMISSIONERS THAT, BY JUNE 30, 2010, THE BOND RATING ENHANCEMENT RESERVE SHALL BE AT AN AMOUNT NO LESS THAN THREE PERCENT (3%) OF THE GENERAL FUND EXPENDITURES AND TRANSFERS TO THE BOARD OF EDUCATION, THE FREDERICK COMMUNITY COLLEGE, AND THE FREDERICK COUNTY PUBLIC LIBRARIES FOR THE PRIOR FISCAL YEAR.**

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**CAPITALS AND/OR UNDERLINING INDICATE MATTER ADDED TO EXISTING LAW.**

- b. TO BEGIN TO BUILD THE BOND RATING ENHANCEMENT RESERVE TO AT LEAST THREE PERCENT (3%) BY JUNE 30, 2010, THE BOARD OF COUNTY COMMISSIONERS HAS DESIGNATED \$2 MILLION OF FUND BALANCE AS OF JUNE 30, 2003 TO THE BOND RATING ENHANCEMENT RESERVE.
- c. AT THE CONCLUSION OF EACH SUBSEQUENT FISCAL YEAR, THE BOND RATING ENHANCEMENT RESERVE SHALL BE FUNDED SO THAT IT HAS A BALANCE IN AN AMOUNT OF AT LEAST THE GREATER OF:

  - 1. ONE HALF OF ONE PERCENT (.5%) OF THE GENERAL FUND EXPENDITURES AND TRANSFERS TO THE BOARD OF EDUCATION, THE FREDERICK COMMUNITY COLLEGE, AND THE FREDERICK COUNTY PUBLIC LIBRARIES, OR
  - 2. SEVEN TENTHS OF ONE PERCENT (0.7%) OF THE COUNTY'S GENERAL FUND SUPPORTED GENERAL OBLIGATION DEBT.
- d. IF THE BALANCE TO BE FUNDED IN SECTION 1-8-164(C) EXCEEDS THREE PERCENT (3%) OF THE GENERAL FUND EXPENDITURES AND TRANSFERS TO THE BOARD OF EDUCATION, THE FREDERICK COUNTY COMMUNITY COLLEGE AND THE FREDERICK COUNTY PUBLIC LIBRARIES, THEN THE BOND ENHANCEMENT RESERVE NEEDS ONLY TO BE FUNDED AT THREE PERCENT (3%) OF THE GENERAL FUND EXPENDITURES AND TRANSFERS TO THE BOARD OF EDUCATION, THE FREDERICK COUNTY COMMUNITY COLLEGE AND THE FREDERICK COUNTY PUBLIC LIBRARIES

**SEC. 1-8-165. EXPENDITURE AND RESTORATION OF RESERVE.**

- a. TO CARRY OUT THE PURPOSES OF THIS ORDINANCE, FUND BALANCE PLACED IN THE BOND RATING ENHANCEMENT RESERVE IS INTENDED TO REMAIN IN THE RESERVE AND IS NOT TO BE EXPENDED FOR ANY OTHER PURPOSE EXCEPT AS PROVIDED IN THIS SECTION.
- b. THE BOND RATING ENHANCEMENT RESERVE MAY BE EXPENDED ONLY IF THE BOARD OF COUNTY COMMISSIONERS:

  - 1. HOLDS A DULY ADVERTISED PUBLIC HEARING, AND

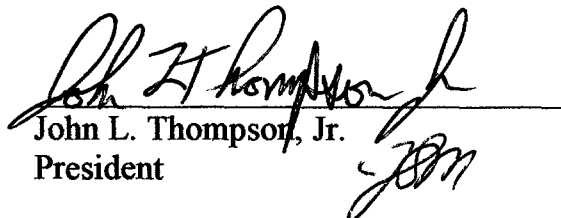
2. ADOPTS AN ORDINANCE WITH A SPECIFIC FINDING THAT THE EXPENDITURE OF THESE BOND ENHANCEMENT RESERVES IS NECESSARY BECAUSE OF EXTREME EXIGENT CIRCUMSTANCES.
- c. EXTREME EXIGENT CIRCUMSTANCES EXIST ONLY IF UNEXPECTED EXPENDITURES ARE REQUIRED IN EXCESS OF THE EXPENDITURES AND CONTINGENCY FUND PROVIDED FOR IN THE ANNUAL BUDGET.
- d. ANY WITHDRAWALS FROM THE BOND RATING ENHANCEMENT RESERVE SHALL BE RESTORED TO THE RESERVE AS FOLLOWS:
  1. WITHDRAWALS UP TO 25% OF THE RESERVE SHALL BE RESTORED WITHIN FIVE FISCAL YEARS;
  2. WITHDRAWALS OF 25% OF THE RESERVE UP TO 50% OF THE RESERVE SHALL BE RESTORED WITHIN EIGHT YEARS;
  3. WITHDRAWALS OF 50% OF THE RESERVE UP TO 75% OF THE RESERVE SHALL BE RESTORED WITHIN TEN YEARS; AND
  4. WITHDRAWALS OF 75% OF THE RESERVE UP TO 100% OF THE RESERVE SHALL BE RESTORED WITHIN TWELVE FISCAL YEARS.

The undersigned hereby certifies that this Ordinance was approved and adopted on the 25th day of September, 2003.

ATTEST:

BOARD OF COUNTY COMMISSIONERS  
OF FREDERICK COUNTY, MARYLAND

  
Douglas D. Browning  
County Manager

  
John L. Thompson, Jr.  
President

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**CAPITALS AND/OR UNDERLINING INDICATE MATTER ADDED TO EXISTING LAW.**